

TENANT PAID UTILITY ALLOWANCE POLICY & SUBMISSION REQUIREMENTS

Properties with tenant paid utilities must analyze the tenant paid utility allowance with each request for a rent adjustment.

Owners of properties with a tenant paid utility allowance are required to submit an **updated tenant paid utility analysis** with each contract and/or funding renewal and/or request for a rent adjustment. According to HUD instructions, each year the owner must analyze the last twelve months of utility data and recommend what the utility allowance should be for the upcoming year. Additionally, the project owner must request that the Contract Administrator approve a new utility allowance whenever a utility allowance rate change would result in a cumulative increase of 10% or more in the most recently approved utility allowances.

Please review the last 12 months of tenant utility usage and submit the following, as applicable:

- If this is your initial renewal under MAHRA, please submit a recommendation, analysis and supporting documentation from the utility company.

OR

- If your renewal or rent adjustment occurs in an even year (i.e. 2002, 2004, etc.) please submit a recommendation, analysis and supporting documentation from the utility company.

OR

- If your renewal or rent adjustment occurs in an odd year (i.e. 2003, 2005, etc.) and the rates have not changed by more than 10% in the last 12 months, please provide a written certification to MHFA.
- If the tenant paid utilities have changed by more than 10% in an odd year, please submit a recommendation, analysis and supporting documentation from the utility company.

Tenant Paid Utility Analysis Requirements:

- A written analysis based on an average of the previous 12-month actual costs incurred by resident per unit type. The analysis should describe the type of utility, i.e. gas, electric, etc.
- Supporting documentation with your submission, i.e. print out from the utility company. Please note: many utility companies require tenant signatures to release tenant utility printouts.
- A written recommendation regarding the intended increase, decrease, or, no change for each unit type, as supported by the documentation provided by the utility company.

Tenant Notice Requirements and Implementation:

- Please note that if the utility allowance analysis that you provide recommends a utility allowance decrease, tenants must receive, at a minimum, a 30-day written notice before the new utility analysis is implemented, notifying them of this decrease in their rental subsidy.
- You must implement the change in utility allowance (PBE) for all tenants within 75 days of the date of this letter.

Please note: MHFA does not intend this to be an all-inclusive list of the federal requirements. Please review the HUD Handbook 4350.3 to gain a full understanding of all requirements